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# THESIS WORK

## "Exploring HRM practices under macro-level turbulence: A qualitative study"

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## LIST OF ABBREVIATIONS

1. CIS – Commonwealth of Independent States
2. CPI – Consumer Price Index
3. GDP – Gross Domestic Product
4. HPWS – High-performance Work Systems
5. HR – Human Resource
6. HRM – Human Resource Management
7. SME – Small-medium enterprise
8. WTO – World Trade Organization

## ABSTRACT

The economic crisis that is resulted from the military actions of the two states (Russia and Ukraine) is affecting the global and local economy. Economic crises tend to place pressure on cutting costs, such as labour costs, resulting in salary reductions, reduction in monetary motivation, short-term work, and reduction in training (Gunnigle et al., 2013; Johnstone, 2018; Zagelmeyer et al., 2012), by that affecting the HRM practices of the company. Thus, the primary goal of this research is to gain an understanding of how the current economic crisis has impacted the HRM practices, such as recruitment and selection, reward systems, training and development, and performance appraisal in Kazakhstani small medium enterprises.

The nature of this research paper is exploratory, that's why the methodology that is used is qualitative method. The primary data was collected by conducting six semi-structured in-depth interviews. The interviews will shed light to the overall picture of how current state of the economy is affecting the human resource practices in the Kazakhstani small-medium enterprises

**Key words:** human resource management practices, human resource practices, macro – level turbulence, economic crisis, recruitment and selection, training and development, reward system, performance appraisal, Kazakhstan, SME.

# 1. INTRODUCTION

Existing literature shows that the economic crisis in 1997 in Asia, and the global financial crisis in 2008 that had negative influence on the economies all over the world, also influenced the labour markets, employment relations, and therefore HRM Practices. Thus, we see that on the short period of time during the crisis, both private and public organizations implemented "job cuts, short-term working, reduction in training and development expenditure, pay cuts and freezes, reduced benefits and changes in industrial relations" (Gunnigle et al., 2013). From the macro-level perspective, organizations need to make strategic decisions that are driven by the uncertainty on the market and high volatility caused by the crisis. These circumstances both directly and indirectly have an effect on the employees (Streeck, 1978).

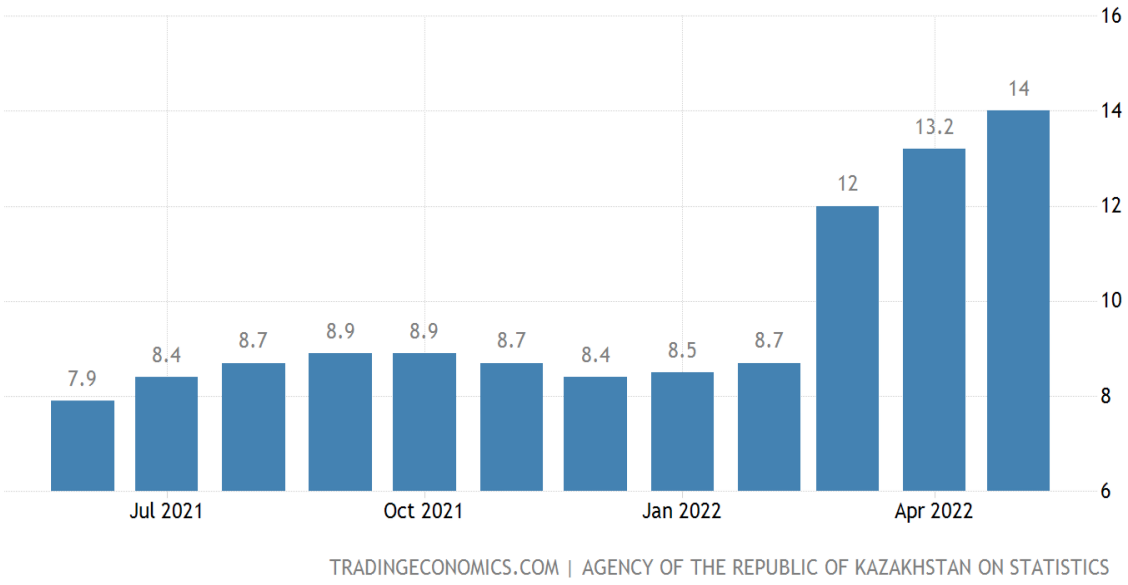
One of the important features of HR in the existing literature argues that Human Resources should be considered as an asset not liability. Therefore, literature advocates that HR's spending and costs are merely minimized during the economic downturn. Moreover, according to Wright (1994), investment into the human capital provides the substantial advantage on the market, which is essential during the environmental changes.

## 1.1 Research Problem

The economic crisis showed its first indication on the 24th of February 2022 with the invasion of the Russian soldiers to the Ukrainian territory. That military actions caused financial markets around the world to fall sharply, and the prices of oil, natural gas, metals and food commodities surged. As well as, increased uncertainty about the recovery of the global economy. Since Russia takes place 3rd place in oil production, 2nd place in natural gas production and among the top 5 steel, nickel and aluminium production. Furthermore, 20% of the global wheat production goes to Russia. On the other side, Ukraine is considered a key producer of sunflowers (1st place), corn (6th place) and wheat (7th place). Moreover, Ukraine is on the list of the top 10 producers of soya, sugar beet, rapeseed and barley (Coface, 2022).

The military actions have dramatically affected the economic stability and overall socio-economic environment of Kazakhstan. As, first of all, Kazakhstan's logistics are tied to Russia: Kazakhstan exports most of its oil products through Russian ports. Oil gets there through the Caspian oil pipeline. 91% of the oil that is imported to Russia through Caspian pipeline belongs to Kazakhstan (RBK, 2022). Secondly, Russia is a major investor:  it has plowed more than $40 billion into Kazakhstan over the past 30 years (Euroasianet, 2022). Above all, as a result of the sharp fall of the ruble because of the Europe and US sanctions, devaluation of tenge took place in Kazakhstan as well. In a few days, the dollar soared from 430 tenge to 490 tenge, and then to 523 tenge (Forbes, 2022). According to the statistics from the Agency of the Republic of Kazakhstan on statistics the macro-economic indicators, such as inflation rate, interest rate, economic growth, CPI, have changed dramatically. For example, the inflation rate quickened from 8.7 percent to 12 percent in March of 2022, to 13.2 percent in April of 2022 and to 14 percent in May of 2022 (Figure 1.1). Major ascending pressure came from food prices (17.9 percent vs 15.4 percent), non-food products (11.1 percent vs 10.9 percent) and services (8.9 percent vs 8.3 percent). On the monthly basis, the consumer price index has increased from 937 units (February 2022) to 990.6 units (April 2022). On the other side, the producer price index has increased from 1660.7 (February 2022) to 1879.8 units (April 2022). The average salary is $552 (272,968 tenge), down 7.2% compared to 2021.

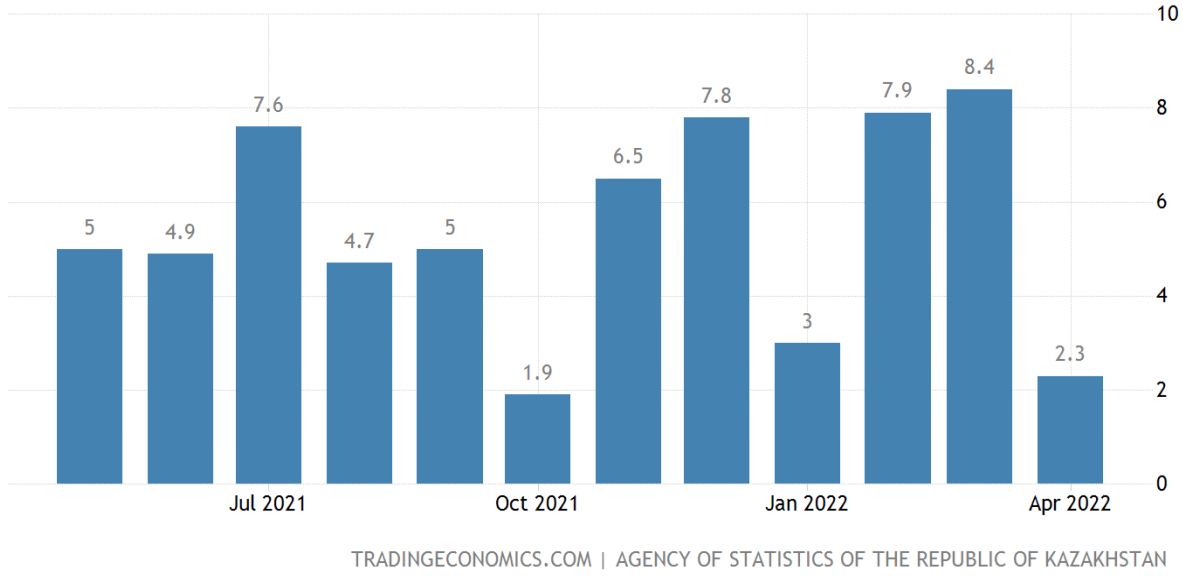
Figure 1.1 - Inflation rate of Kazakhstan




*Source*: *https://tradingeconomics.com/kazakhstan/inflation-cpi*, retrieved on May 1

Following the Russian Central Bank's extraordinary move on February 28 to raise interest rates from 9.5 percent to 20 percent, as the ruble sharply decreased its value. On February 24, Kazakhstan's banks regulator made a similar measure, raising the interest rate from 10.25 percent to 14 percent in an effort to "keep price stability." (Eurasianet, 2022). Moreover, Kazakhstan's short-term economic indicators have decreased sharply (real growth rate). The real growth rate in six branches of the economy, such as agriculture, industry, construction, trade, transport and communication, has fallen from 7.9 percent to 2.3 percent in April 2022 (Figure 1.2).

Figure 1.2 - Kazakhstan's short-term economic indicators




*Source:* *https://tradingeconomics.com/kazakhstan/monthly-gdp-yoy*, retrieved on May 1st

Besides, the number of Russians who are seeking permanent residence, in Kazakhstan as the Russian-Ukrainian conflict continues. According to Qozhaev, there are around 130,000 Russians and almost 3,500 Ukrainians living in Kazakhstan (Service R.F.E.R.L.K, 2022). Especially, in recent days there was increased attention of Russian specialists to the Kazakhstani labour market. It has its own benefits and drawbacks. Kazakhstani labour market as a whole is experiencing a shortage of labour, and even more so of professionals. The arrival of the Russians may affect the increase in unemployment among local personnel and the increase in demands from employers. On the other hand, it will expand choice in the labour market and may help to identify domestic gaps that can be corrected with the right approach of the state (Informburo, 2022). All mentioned data show the severeness of the economic situation in Kazakhstan.

Most of the companies and organizations tend to reduce costs and make budget cuts as a result of an economic downturn. For firms, during the economic downturn, the name of the game is cost reduction, which leads to the decrease in the output, cuts in the salaries, cuts in the fringe benefits, and partial layoffs. The worst scenario for companies under such circumstances may be the close down of their business.

(Beaverstock and Doel, 2001) Existing literature suggests that issues caused by a crisis that is driven by different factors needs attention of the whole business. (Reilly, 2008) Economic downturn may lead to the substantial negative impact to the companies, it's staff, and even environment. (Hutchins, 2008)

The previous study has demonstrated that an uncertainty frequently causes changes in labour markets as well as HRM practices. Economic crises tend to place pressure on cutting costs, such as labour costs, resulting in salary reductions, redundancy, short-term work, and reduction in training (Gunnigle et al., 2013; Johnstone, 2018; Zagelmeyer et al., 2012).

One of the important features of HR in the existing literature argues that Human Resources should be considered as an asset not liability. Therefore, literature advocates that HR's spending and costs are merely minimized during the economic downturn. Moreover, according to Wright (1994), investment into the human capital provides the substantial advantage on the market, which is essential during the environmental changes: "High levels of human capital lead to greater capabilities to develop more efficient means of accomplishing task requirements, and greater capability to respond to environmental changes, leading to a sustained competitive advantage" (Wright et al. 315) Therefore, HRM practices and methods are very important in assessing the company's success, and scholars put emphasis on the HRM as the source of an advantage both on the local and global levels. (e.g. Fey et al. 2004, 2000; Dowling et al. 1999; Edwards et al. 1996)

The study focuses on the HR practices that are directly related to the high-performance work systems. (Becker and Huselid, 1998) This paper focus on the four main practices that contribute to the organizations' performance. There are recruitment and selection, training and development, rewarding systems, and performance appraisal. Moreover, the existing literature also emphasizes on those practices of HRM. However, it is also important to note that there is no specific list of the 'high performance' HRM practices, and yet, those four main practices are largely discussed

in international studies. (e.g. Ervasti and Suutari 2004; Hannon et al. 1995; Pfeffer 1994, 1998; Rosenzweig and Nohria 1994)

In today's world, SME faces issues with the competitiveness, and therefore attracts the attention of the government around the world. The reason behind that is SMEs are strongly correlated with the employment rate, and in many countries have a substantial share to the GDP of the country, and influences overall economic health of the global markets. Moreover, scholars believe that SMEs play an important role in entrepreneurship, innovation, and development. In the case of Kazakhstan, development of SME sectors would play a key role in the development of the economy (Mamyrbayev, 2013). Thus, in order to keep the health of the economy, it is essential to understand the environment, since crisis may occur rapidly, with high risk of uncertainty and unpredictability. If SME sector is not competitive enough, it may face serious challenges, since during the crisis resources are limited. Therefore, scholars in today's world are actively discussing the nature of turbulent environments, and methods organizations may use to face those challenges. The fact that share of SME to the Kazakhstan's economy grew from 7.9% to 34.7% between 2015 and 2021 according to First Vice Minister of National Economy Timur Zhaksylykov shows the importance of support of SME (The Astana Times, 2022).

Drawing on these arguments, the main aim of this research is to investigate in what ways the current situation (Russian - Ukrainian crisis) has impacted the HR practices within Kazakhstani SMEs. Hence, we formulate the next research question:

- How current situation (Russian - Ukrainian crisis) affects HRM practices (recruitment and selection, training and development, reward systems and performance appraisal) in Kazakhstani SMEs?

## 1.2 Significance of the work

In the current difficult situation and tension in the political and economic arena, it is important to understand how these circumstances affect our lives, the lives of ordinary people and workers of small and medium-sized businesses. This work will be useful in that it reveals a picture of the labor market, how companies reduce costs, how the labor market has changed, the nuances for new and existing employees. Also, the work will be of interest to those people who are looking for opportunities to create or develop their business, or just additional income, because understanding the reality of the picture can open access to new ideas and opportunities. Furthermore, there is scarce of the literature on the effect of macro-level turbulence on the HRM practices. By this work, the literature will be enriched. Additionally, such kind of research did not conduct within the territory of Kazakhstan. This paper will be one of the first work in this direction.

## 1.3 The theoretical and practical contribution

As, nowadays, there is limited knowledge in the field of economic crises and human resource management practices, for the 2008-2021 period including the American crisis, Asian financial crisis and post-pandemic crisis (e.g. Oh & Oetzel, 2011). This research work will shed light on the scarce literature review on how economic crises affect human resource management practices in the example of the Kazakhstani SME's overcoming the economic crises by the reason of Russian-Ukrainian conflict. This research would give valuable insights for the HR managers how human resource practices could be implemented in the times of uncertainties and crises.

# 2. LITERATURE REVIEW

## 2.1 HRM practices

One of the earlier definitions of the HRM practices in the existing literature is provided by Shuler and Jackson (1987), where they argued that HRM practice is a system that develops, attracts and motivates employees to ensure the effective performance and survival of an organization and its members. Huselid (1995) on top of that defined HRM practices as personnel selection, incentive compensation, formal grievance procedures, labour management and its participation, and providing training hours. Delaney and Huselid (1996) agreed on such a definition, emphasizing the categorization of HRM into recruitment and selection, participation and reward. According to Minbaeva (2005), HRM practices is a set of functions used by the organization to manage HR through developing competencies that are company-specific, developing social relations and creating organizational knowledge in order to sustain competitive advantage. Overall, this study follows specific HRM practices. They are recruitment and selection, training and development, performance appraisal and reward system.

### 2.1.1 Recruitment and selection

Another important function of HRM is recruitment. Recruitment, according to Biswas (2012) is a process of searching candidates for employment, and attracting them to apply the job in the company. Stonner, Freeman, and Gilbert (1996) argued that the function of the recruitment is to provide the group of candidates to the managers, so they could effectively select the employee they need. Similar definition of the recruitment is provided by Nzuve (1997), where he described recruitment as discovery and development o required personnel, so sufficient number of candidates will always be available for employment. According to Raghavi and Gopinathan (2013) recruitment is the process of creating groups of sufficient candidates for vacancies within organization. Recruitment is about an attempt to search for diverse groups of candidates with the required qualification and promote the information about

the current vacancy, both in professional and non-professional worlds. (Kumari and Malhotra, 2013)

Selection is the process of 'drafting' the individuals that have required qualification to fill the job in the company. Therefore, selection is about choosing the right candidate for a job. Kumari and Kilam (2012) describes this process as an attempt to find the balance between the applicant's capabilities and what the organization needs from him. Also, selection process is important for business to achieve its direct goals. Stoilkovska (2015) believes that company would not have success, if it fails to pick the right people with the necessary qualification, since the fundamental goal is to hire the best person, you can in equal employment opportunity laws. One of the important parts of the selection is requirement. According to Omisore (2016), selection is the process of picking from the groups of candidates who will be appointed by institution based on specific regulatory requirements.

### 2.1.2 Training and development

Training and development is one of the main functions of HRM, that is used in order to fill the gaps between the expected performance and current performance. (Elnaga & Imran, 2013; Nassazi, 2013) Business Dictionary provides us with its own description: "organized activity aimed at imparting information and/or instructions to improve the recipient's performance or to help him or her attain a required level of knowledge or skill". Training is also focused on the developing required skills of the employees and organizations and providing better efficiency (Elnaga & Imran, 2013) in order to achieve organizational goals. (Jehanzeb & Bashir, 2013) Moreover, literature suggests that training has a broader concept that is focused on the long-term growth of employee, in order to show better performance in the future for the company. (Nassazi, 2013)

### 2.1.3 Reward system and motivation

Any kind of work done by employee is not free, and most businesses are not volunteer based services, and therefore businesses need to compensate them in some way for the time and effort. This is called reward (Pennings, 1993). Reward system is a fundamental management tool used in organizations that can affect the firms' performance, since rewards influence on the employee's motivation and incentive to work (Ibrar and Khan, 2015). Another look at the reward system is provided by Nathaniel et al (2010). They believe that reward is the method of assessing employee's performance and compensating based on his performance. Another look on rewards is the compensation which organization gives for exchange of the service offered by employee. In the same way thinks Arran and others (2015), claiming that rewards may include all valuable outcome that employee gets from the work in the company, like base pay, incentives, and non- salary benefits. Another function of reward system is to provide incentive and attractiveness to the specific job. Pratheepkanth (2011) claimed that the higher reward, the more employees be motivated, and lower reward leads to lower motivation and incentive. The same opinion is seen in Danish and Usman (2010) study, where they claimed that well-managed reward system directly influences motivation and performance of employees.

### 2.1.4 Performance appraisal

In order to company show better performance, company needs to get the most effectiveness from the workers, which is one of the functions of managers and supervisors (Foot and Hook, 2005). One way to achieve high effectiveness and motivation from the workers, is to provide the specific systems or programs such as performance appraisal.

Performance appraisal programs are dependent from the philosophy behind them and how it is connected to the business goal of the company. Thus, success or failure of the company is partially a result of the performance appraisal program, its attributes and the skills it promotes. For Dessler (2005) performance appraisal program's aim is

to evaluate the progress of employee, comparing to the past and present performance, according to the standards. Thus, employee is being assessed after the specific period of time, and look on whether they achieved the required goals and standards or not. According to Hodgetts and Kroeck (1992), performance appraisal programs should be considered as the systematic observation, as well as the evaluation of work-related behavior. In order to do that, employee tend to be observed over time, and critically assessed, considering his or her knowledge, skillset used to achieve goals.

However, performance appraisal program requires effort not only from employee, but from employer also. The success of the performance appraisal programs depends on the well-managed goal setting and expectation from the employee. According to the goal setting theory, employee works more effective when he or she has clear, significant, and realizable goals, in which employee puts his energy, effort, enthusiasm. If the employee feels that the effort are worth achieving the goal, it will result in the better performance, in order to satisfy personal needs of employee (Marbey, Salaman, 1995).

### 2.2 Macro-level turbulence

In order to understand the influence of the economic crisis on HRM, it is important to elaborate on the crisis itself. Rosenthal (2001) refers to the crisis as situation that is “unwanted, unexpected, unprecedented, and almost unmanageable, causing widespread disbelief and uncertainty” (Rosenthal, 2001) Thus, a crisis can be referred to the substantial danger or threat to the structure of fundamental values and norms of the social system, which occurs with the high uncertainties, time pressure, and need for making important decisions. (Rosenthal, 1989) Therefore, we can describe crisis as a deviation from the normal form of the economy, natural disasters, and political instability. Simply saying, crisis is a deviation from the normal circumstances and threat to the fundamental structure of things.

Existing literature suggests different forms of the crisis. When it comes to the economic terms, crisis is considered as a result of a financial downturn, with the

deviation from the normal economic output, and negatively affected macroeconomic indicators, such as slow economic growth, increase in unemployment, deficit in public sector and public sectors debts (El-Erian, 2014). Thus, economic crisis influences on the organizations and staff that works there. Scholars tend to accumulate the effects of the crisis of the certain period of time, with the unexpected outcomes both on individual and macro level. Direct effects of economic crisis on organization results in the decrease in innovation (Brem, 2020), decline in output (Chen and Hsu, 2005), and decrease in investment (Kahle and Stulz, 2013).

According to scholars, turbulent environment is an environment under which one can't predict the outcome of one's actions. (Dankbaar, 1996) Therefore, turbulent environment should be considered as the condition, under which it is difficult to understand situation, and requires flexibility from organizations to respond fast enough, and adequate, in order to stay competitive on the market. Scholars agree on the fact that turbulent situation is a subject to continuous and important changes, which is hard to predict and very uncertain. According to Kim, Cameron and Whetten (1987), "turbulence is change experienced by the organisation that are major, rapid and discontinuous" (Kim, Cameron, Whetten, 1987)

## 2.3 Theoretical background

### 2.3.1 Soft and hard HRM systems

There are two main approaches of HRM under the uncertain economic situations that organizations tend to use. They are 'soft' and 'hard' HRM systems. Soft approach to HRM advocates for the treating employees as the valuable resource for the organization. Scholars tend to emphasize the soft model of HRM as an effective tool during the crisis and uncertainty, because taking care of the employees in such times shows that organization is socially responsible, which is a key indicator of the success for the organization. (Barrena-Martinez et al., 2018) Moreover, Strang's (2018) study shows that the soft HRM model is used by the organizations during the situations of uncertainty as a strategic tool for planning, and it becomes the valuable asset to stay

competitive. Therefore, we see that HRM practices are very important topic for companies to consider during the economic crisis. The literature shows that after the financial crisis in 2008, scholars emphasized HR professionals that came up with the specific HRM practices, which resulted in the high performance from the employee and therefore high company performance. (Maley & Kramar, 2010; Townsend & Wilkinson, 2013) Specifically, HRM tools like, resources, coordination, training and development, (Nijssen & Paauwe, 2012) knowledge sharing, information sharing, flat hierarchy (Zhu, 2004) informal coordination, highly individualized systems of result-based motivation, (Gurkov & Settles, 2013) showed the effectiveness during the economic crisis. There are other HRM tools that are also effective, such as mentoring, coaching and counseling, because they address the issue of fear and stress, which becomes a real deal during the economic crisis, like fear of losing job, which results in the weak performance of the employee. (Ramlal, 2013) Moreover, HRM methods that organizations use puts the employee at the center of the operations, like employee involvement (Marchington & Kynighou, 2012), development of the leadership (Martin & Gollan, 2012). Another important influence of the economic crisis on the HRM practices that scholars discuss is the shift on the global talent practices. Environment change creates the supply of talent and resources available around the world. (Sparrow, 2013)

The hard model of HRM is also practices by organization during the economic crisis and uncertainty. Scholars argue that this model is seen in the specific HRM practices, such as pay cuts and pay freezes (Cibborn, 2018), reduction in the workforce (Zagelmeyer, 2012), cuts in the training budget, and slowdown in the individual performance goals and benefits. (Shen & D'Netto, 2012; Wickramasinghe & Perera, 2012) Another HRM practices that occurs during the economic crisis are re-negotiation of the contractual agreements and voluntary departure plans. (Jaidi & Thevenet, 2012) Gunnigle (2013) in his work also found out another influence of economic crisis in the form of negative effect on the salaries, training and development budgets. Also, organizations during economic crisis tend to increase intensity of the job, and

overwhelm organizational functions, as well as the organizational mobility. (Cook et al, 2016)

Moreover, organizations tend to freeze additional payments, according to McDonnel and Burgess (2013). Existing literature shows that there is no sole agreement on what should HRM practices look like during the economic crisis, it may either be hard or soft. Moreover, scholars also mention mixture of both systems. In this perspective, we see that organization seek to mix both HRM systems, in order to achieve balance, and as the results, maximum efficiency and effectiveness on the employee performance. According to McDonnel and Burgess (2013), employees may occur as innovators during the economic crisis, and therefore HR implement both soft practices in order to improve the employee motivation and incentive, as well as his/her involvement, and implement hard practices, like implementing cuts on operational costs and achieve organizational efficiency.

### 2.3.2 Social contract

When it comes to the economic crisis and how people deal with it, there is a perspective which looks at it through the lenses of social contract. According to Aycan and Kabasakal (2006), it is important to assess the social contract and its influence when it comes to predicting or investigating employee's perception of justice and his/her reaction. Thus, authors found out that reaction of different organizations is dependent on the social contract type. Authors refer to the two main social contract types that play role in assessing the reaction of the company. The first is Relational contract. Relational social contract strongly emphasize the interdependence between employee and employer. Thus, companies spend considerable amount of resources on their development. Limitation of such social contract is that performance standards tend to be low and weakly defined. The second type is Transactional Contract. In contrary to the Relational Contract, performance standards are very well defined, and focus on the short term goals, with the quick compensation. In this type of contract, recruiting agencies provide only transactional contracts with employees. (Rousseau and Wade-Benzoni,1994) Two contracts contains specific employment terms, and

therefore scholars refer to the mix of two contracts as the balanced contract. The data shows us that when the firm is doing well on the market and environment is stable, companies tend to follow long-term relations with its staff, by developing their skills and promoting career growth. On the contrary, when the firm is under pressure and environment is not stable, firm changes its policy to more flexible and emphasizes short-term relationship with employee. (Rousseau and Wade-Benzoni, 1994) Aycan and Kabaskal (2006) in their study found out that companies that don't focus on the social contracts tend to decrease human capital, which negatively affects on the performance and well-being of the employee during the crisis.

### 2.4 HRM and economic crises

One of the benefits of the functions of HRM during the economic downturn is that it provides the positive influence on the staff's well-being, (Browne, 2000) as well as the company's performance. (Delery and Doty, 1996; Delaney and Huselid, 1996; Pfeffer, 1994, 1998) One of the important features of HR in the existing literature argues that Human Resources should be considered as an asset not liability. Therefore, literature advocates that HR's spending and costs are merely minimized during the economic downturn. Moreover, according to Wright (1994), investment into the human capital provides the substantial advantage on the market, which is essential during the environmental changes: "High levels of human capital lead to greater capabilities to develop more efficient means of accomplishing task requirements, and greater capability to respond to environmental changes, leading to a sustained competitive advantage" (Wright et al. 315) Therefore, HRM practices and methods are very important in assessing the company's success, and scholars put emphasis on the HRM as the source of an advantage both on the local and global levels. (e.g. Fey et al. 2004, 2000; Dowling et al. 1999; Edwards et al. 1996) When it comes to the HRM system, it is far more complex that simple HR practices, that are easy to observe and adopt. In contrary to HR practices, complex HRM systems are not that easy to imitate, and therefore it provides the better advantage on the market. (Akhtar et al. 2008; Barney

and Wright, 1998) It is no secret that successfully executed HR practices or well-structured HRM system positively influences on the company's profits and performance, which is proven by empirical studies. (e.g. Boselie et al. 2005; Wall and Wood, 2005; Fey and Björkman, 2001; Becker and Huselid, 1998; Delaney and Huselid, 1996; Huselid, 1995)

There is a substantial amount of research made on the influence of economy crisis on the labor market (Eichhorst et al., 2010; Leschke & Watt, 2010), employment relations (Gennard, 2009; Lansbury, 2009; Baccaro et al., 2010), and HRM practices. (Zagelmeyer & Gollan, 2012) Thus, literature that was analyzed mainly focused on the topics of the influence of the economic downturn on the way how people are managed, and how the further research on this topic may potentially help in similar problems. From the macro-level perspective, organizations need to make strategic decisions that are driven by the uncertainty on the market and high volatility caused by the crisis. These circumstances both directly and indirectly have an effect on the employees. (Streeck, 1978) From the micro-level, issues caused by crisis like decline in demand and high operational costs creates new challenges for HR departments, and forces them to find effective ways to manage the staff. (Psychogios et al., 2016)

Existing literature shows that the economic crisis in 1997 in Asia, and the global financial crisis in 2008 that had negative influence on the economies all over the world, also influenced the labor markets, employment relations, and therefore HRM Practices. Thus, we see that on the short period of time during the crisis, both private and public organizations implemented "job cuts, short-term working, reduction in training and development expenditure, pay cuts and freezes, reduced benefits and changes in industrial relations" (Gunnigle et al., 2013). Shortly saying, Asian companies implemented hard HRM practices. Scholars show their interest in the Asian economy after crisis, because it showed the change in the institutional system and how HRM is practices in Eastern Asian countries. Thus, we see a shift on how Asian companies employ people, from group work, quality management, and kaizen system to the focus

on the cost reduction and outsourcing. We see that Asian companies started to use Anglo-American practices, like hiring temporary workers, introducing bonus system and individual performance system instead of focus on the group work, seniority system, and even changing labor law in some countries. Thus, unemployment grew rapidly in many Asian countries, however, such practices like salary freeze and salary reduction, reduction of benefits, training, and reduction of development programs occurred. Thus, we see shift in the selection of employee, when the labor market changed with the flexibility of non-permanent employees. Literature claims that non-permanent staff was favored over the favorite ones. There were cases when the candidates that were better on the skillset level, foreign education degree and work experience didn't value as needed. Therefore, workers from the top to the bottom and labor unions were forced to adjust to the competitive labor market (Smith and Abdullah, 2004).

The table 2.1 below shows the summary of the effect of economic crises on HRM practices and work conditions. The table 2.2 represents the effect of the pandemic on HRM practices and work conditions.

Table 2.1 - The effect of economic crises on HRM practices and work conditions

| Countries/Regions | Responses to Crises | HRM Practices | Authors |
|---|---|---|---|
| **Asia**<br>China<br>Indonesia<br>Japan<br>Korea | More emphasis on cost reduction and individual performance, Anglo-American approach, change of employment laws to enhance labour flexibility | Hiring temporary workers, bonuses, and individual performance system instead of group performance; less emphasis on seniority system; laying off workers; increased outsourcing and non-standard workers; increase in hiring university-educated workforce, but fewer women hired in times of recession | Aoki et al. (2014)<br>Chang (2012)<br>Cho et al. (2011)<br>Patterson and Benuyenah, (2021)<br>Sitalaksmi and Zhu (2010)<br>Jaussaud and Liu (2011)<br>Shen and D'Netto (2012) |
| **Europe**<br>Croatia<br>Germany<br>Greece<br>France<br>Iceland<br>Ireland<br>Spain<br>UK | Hard HRM, cutbacks, and pay freeze | Financial cutbacks meant that gender equality had less priority and support after the cutbacks and restructuring (Britain); work intensification, job enlargement, job losses, part-time jobs; pay freeze (Britain, France, Greece, Ireland, Spain), employee silence (Greece); outsourcing of HRM did increase partly and more emphasis on cost reduction, but few employees were laid off (Iceland); firms with employee ownership in 28 European countries were less likely to lay off staff and had higher firm performance; small firms tended to focus on pay-related cost-cutting whereas alternative HR measures were more evident in large organisations; large firms were more likely to lay off workers than SMEs; firms with formal HR practices showed more resilience to the downturn (Britain); the global financial crisis (hard HRM) was found to be the most plausible explanation for the majority of HRM changes that happened in the observed three-year period. However, both the HRM philosophy (more market orientation) and the European Union (EU) membership (changes in labour laws and training) were recognised to have a certain impact as well (Croatia); organisations in East and West Germany used different measures to deal with the crisis, such as searching for new markets, restructuring, hiring stops, short-working, etc. | Page (2018)<br>Cook et al. (2016)<br>Edvardsson and Teitsdottir (2015)<br>Garmendia et al. (2021)<br>Gunnigle et al. (2013)<br>Johnstone (2019)<br>Kim and Patel (2020)<br>Martinez-Garcia et al. (2018)<br>Prouska and Psychogios (2018, 2019)<br>Lai et al. (2016)Patterson and Benuyenah (2021)<br>Prouska and Psychogios (2018, 2019)<br>Roca-Puig et al. (2019)Okay-Somerville (2019)<br>Jaiti and Thevenet (2012)<br>Vokic et al. (2018)<br>Zagelmeyer et al. (2012)<br>Zagelmeyer and Heckmann (2013) |
| **America**<br>USA | Public officers' response to the recession | Reordering of spending priorities, leaving vacant positions unfilled, reducing services, salary freeze | Kim (2019) |
| **India** | HRM changes in the IT sector | Hiring freeze, hard HRM, no pay increase, some reduction in training, less turnover | Malik (2013) |

*Source: Edvardsson, I. R., & Durst, S. (2021)*

Table 2.2 - The effect of pandemic on HRM practices and work conditions

| Professional Groups | Work Situations and Professional Response | HRM Practices | Authors |
|---|---|---|---|
| Nurses/health care professionals | Strict and unpleasant work situations and work–family conflict; workload and patient isolation increased and affected the way nursing was carried out negatively; shock, worry, isolation, a lack of confidence, and physical exhaustion; burnout, emotional exhaustion, and cynicism; reassignment to other positions; increased infections; absenteeism; no control overwork | Social, motivational psychological, and preventive rewards/measures by organisations to increase loyalty and retention; satisfaction with the hospital policy and strategies implemented during the outbreak, acknowledging the importance of support from nursing leaders; providing pandemic-related training and support; dissatisfaction with workplace preparedness; shared leadership, information sharing, and trust leading to reduced infections; servant leadership reducing burnout and increasing psychological safety | Cavanagh et al. (2021)<br>Abdullah et al. (2021)<br>Fernandez-Castillo et al. (2021)<br>Gao and Tan (2021)<br>Goldfarb et al. (2021)<br>Lasalvia et al. (2021)<br>Ma et al. (2021)Poortaghi et al. (2021)<br>Dinic et al. (2021)<br>Salas-Vallina et al. (2020) |
| Professionals in hospitals and the tourism industry | Employee fears of external threats; illness; stuck at sea, isolation, unhappiness | Tourism and hospitality businesses did use both defensive and offensive responses to survive the pandemic that included the protection of human resources, job redeployment, and performance management; sustainable HRM did decrease employee fears; better crisis preparedness needed; poor HRM leadership by cruise-line operators; employee-centred HRM strongly impacted employee well-being | Agarwal (2021)<br>Sun et al. (2021)<br>He et al. (2021)<br>Srivastava (2021)<br>Radic et al. (2020) |
| Other professions | A change in values towards social responsibility and training, going beyond the achievement of a socially acceptable income; remote working; between 2017 and 2020 five out of 10 of the most important analysed motivational factors overcame the significant change in the value of importance from the point of view of the time studied; emotional exhaustion due to unfinished tasks | A softer approach to managing employees can be used during a crisis; organisational values and job motivation can enhance organisation commitment during remote working | Adikaram et al. (2021)<br>Castellanos- Redondo et al. (2021)<br>Koch and Schermuly (2021)<br>Redondo et al. (2020)<br>Tanpipat et al. (2021) |

*Source: Edvardsson, I. R., & Durst, S. (2021)*

## 2.5 Small-medium enterprises

In today's world, SME faces issues with the competitiveness, and therefore attracts the attention of the government around the world. The reason behind that is SMEs are strongly correlated with the employment rate, and in many countries have a substantial share to the GDP of the country, and influences overall economic health of the global markets. Moreover, scholars believe that SMEs play an important role in entrepreneurship, innovation, and development. In the case of Kazakhstan, development of SME sectors would play a key role in the development of the economy (Mamyrbayev, 2013).

In the Central Asian region, Kazakhstan is a one of the countries that successfully managed to achieve positive results in the economic, socio-political areas, and therefore faces new global challenges in terms of state policy and administration. Thus, focus of the Kazakhstan's government is to develop economic growth through supporting SMEs. (Suleimenova, 2018)

The ideas behind support of national enterprises and entrepreneurs is seen from the top officials. First President of Kazakhstan stated that in order to increase the competitiveness of national economy, in is essential to achieve high level performance from Kazakhstani enterprises. Therefore, highly competitive Kazakhstani enterprises is the goal to achieve better economic development (Mamyrbayev, 2013). Kazakhstan's SME sector is already competing on the global markets, by entering international organizations. Competition became more intense, when Kazakhstan joined the World Trade Organization in 30 November 2015. (WTO, 2020).

Thus, in order to keep the health of the economy, it is essential to understand the environment, since crisis may occur rapidly, with high risk of uncertainty and unpredictability. If SME sector is not competitive enough, it may face serious challenges, since during the crisis resources are limited. Therefore, scholars in today's world are actively discussing the nature of turbulent environments, and methods organizations may use to face those challenges.

The fact that share of SME to the Kazakhstan's economy grew from 7.9% to 34.7% between 2015 and 2021 according to First Vice Minister of National Economy Timur Zhaksylykov shows the importance of support of SME (The Astana Times, 2022).

# 3. METHODOLOGY

## 3.1 Research Method

The research method that was chosen for this thesis is the qualitative method, due to the lack of research on the issues underlying this dissertation. Furthermore, as research holds an exploratory character, it was clear from the beginning that answers will be attained through the qualitative research design.

According to Maxwell (2005), the qualitative research design is centred on "questions that get at processes rather than 'variation.'" Process questions require "how" rather than "if or not" or "how much." An interview also allows participants to disclose more "unanticipated" information about the issue than, for example, answers that were obtained from the surveys (Hirsjärvi et al. 2008).

The semi-structured interviews were used for the empirical part of this research. Semi-structured interviews have a more open format that allows for focused, two-way conversation. The interviewer prepares the guideline; however, they may vary. All questions for the interview are not planned in advance, the majority of the questions are asked during the interview, allowing both the interviewer and the interviewee to delve into further depth as needed (Hirsjärvi and Hurme, 2008).

## 3.2 Data collection and Analysis

The interviewees were chosen by the convenience sampling method. According to Dörnyei (2007), convenience sampling is a type of nonprobability sampling in which members of the focus population meet certain practical criteria, such as easy accessibility, geographical nearness, handiness at a certain time, or readiness to participate, are included in the study. It is also used to refer to study participants that are available to the researcher (S. K., & Given Lisa M., 2008). The only criteria that should be met is that interview must be taken from the HR manager of the SME.

The sample size for the following dissertation is 6 interviews from 6 different small-medium enterprises. According to Marshat et al. (2013) minimum range from 3 to 50 interviews are recommended for the qualitative research method.

The format of the interview was hybrid, some of the interviews were taken offline, some - online. That happened due to fact that HR managers could not attend interview meetings during working hours, that's why interviews were taken after the end of the working day online. The interviews took place from 3rd to 6th May 2022. The interviews lasted for one and half hours, and the recordings of the interview with the permission of the interviewees were recorded. The recordings were transcribed afterwards and they were used to analyze the interviews furthermore. All questions were asked in the English language, however, the answers of interviewees were in the Russian language. The English language is not the native language of the interviewees, however, all of the respondents studied in the English language, so the language barrier did not interfere with understanding and answering the questions at all.

The interview questions were introduced from the literature review. Vösa (2010), has developed the set of interview questions in order to raise interviewees' understanding of the present crisis situation in terms of HR difficulties and concerns. Furthermore, respondents were able to provide their own perspectives and viewpoint on how the crisis has influenced their own HR practices through carefully crafted topics and questions.

The interviews were separated into four different sets. Overall, the interview consists of 20 questions (see Appendix 1). The first set of questions was about respondents' position in the company and their career road. The second set of questions discussed the human resource management practices in their company, such as recruitment and selection, performance appraisal, training and development and reward systems, and how they improved throughout the economic crisis.

### 3.3 Reliability

According to Kirk and Miller (1987), the degree to which a measuring technique produces the same results regardless of when and how it is performed is referred to as its reliability. It refers to the extent to which the conclusions of a research are independent of the unintentional conditions that led to their development. In other words, it addresses replicability — whether or not a future researcher might reproduce the study endeavor and get the same data, interpretation, and claims (Silverman 2006).

The study's reliability remains difficult to assess because each individual perceives things differently, regardless of how randomly interviewers are chosen. Although several interview topics were repeated in each interview, they all represent the ideas and perceptions of an individual and so cannot be totally generalized.

### 3.4 Validity

According to Kirk and Miller (1987), the extent to which a measurement provides correct responses is referred to as its validity. It defines the extent to which the finding is appropriately built. The fact that interviews were recorded and meticulously transcribed adds to the study's validity. After listening to the recordings several times, final interpretations were formed. One factor that might affect reliability is that the responses were based on one person's perspective and familiarity with the subject. Before the interviews, interviewees were also informed of general interview themes. As a result, respondents had the opportunity to clarify the topics before the interviews began.

# 4. RESULTS AND DISCUSSION

## 4.1 Recruitment and Selection

During the Russian - Ukrainian conflict, the recruitment situation in Kazakhstan changed. Before the crisis, it was harder for HR managers to recruit a specialist with appropriate professional skills. However, with the continuing situation of the conflict, nowadays, specialists from the CIS countries started to consider and respond to open vacancies in Kazakhstan. That is beneficial for our companies because nowadays they are finding the right person with the right qualification and skills in a short period of time.

*"It was difficult for us to find a specialist who would fit our requirements and budget, but now specialists from the CIS countries (especially, Russia) have begun to respond to our vacancies, and now we are quickly closing these issues." [RES - 2]*

*"Now the labour market has grown significantly, in the sense that now it is really easier for us to find a suitable employee, maybe because a lot of specialists have been released, or we are just lucky so far, but the fact remains that it has become easier to find the right person." [RES - 6]*

Moreover, the pool of applicants who are searching for jobs became larger than it was before the crisis. Cause, according to interviews, now the open vacancies are closing in a short period of time. It shows that unemployed people and enough in the economy and the number of labour immigrants from the CIS countries are rising.

*"We have always had a high staff turnover and it was hard to find new employees too often, but recently we felt that the number of people looking for work has increased exponentially. Many calls began to come to our ads (we applied to olx.kz, it was cheaper), and in fact, we closed some vacancies during the week." [RES - 4]*

*"It was difficult for us to find a specialist who would fit our requirements and budget, but now specialists from the CIS countries (especially, Russia) have begun to respond to our vacancies, and now we are quickly closing these issues." [RES - 2]*

Additionally, one thing to mention is that Kazakhstani companies tend to use the services of headhunting companies. They usually would give the characteristics of the needed specialist and recruiting company would provide their services. But, nowadays, in order to cut costs, they cancelled the services of headhunting companies, instead, they are started to recruit specialists by themselves.

*"Well, plus now we cannot use the services of recruiters, now a lot of applications come through LinkedIn. Previously, we bought a corporate account on hh.kz and used the services of a recruiting agency." [RES - 2]*

*"Before crisis, we used the services of headhunting companies, but now we are recruiting by ourselves' [ RES - 1]*

### 4.2 Training and development

During the Russian - Ukrainian conflict, the section of training and development changed dramatically. As well as, the trend is the same for 6 interviewed companies. The main thing to mention is that the budget for training and development has been reduced a lot. For example, before the crisis, companies provided training in order to improve competencies and skills, learn new languages, improve qualifications abroad, provide event training, and motivational training. Notwithstanding, at the present time, companies replaced with online courses with no coaches at all or with internal information sharing and literature.

*"Since we provide a consulting service, one of the requirements of customers is that our employees have certificates, but in order to save on training, instead of live courses, we now buy courses on Udemy and ask employees to study on their own, but we still pay for successfully passed exams." [RES - 3]*

*"We had language programs for employees who work in the front line, but now we have suspended them, but buy online courses for different levels of training, the effectiveness of such courses, in our opinion, is less, but those who want to find a way, I think so." [RES - 5]*

*"In order for our employees to be able to advise on international issues, we sometimes had to send them to foreign schools for training. But now, we cannot afford such expenses, and we try to get around this issue by purchasing the necessary literature, and subscribing to relevant resources." [RES-6]*

*"Yes, we often used the practice of training, but it is quite expensive now, and as I said earlier, we try to solve these issues with literature and internal information exchange." [RES - 6]*

### 4.3 Reward system and motivation

Due to the economic crisis, most HR managers are left with the question: "How to motivate employees when they are working more than it states, getting less money for the work done and when the possible bonuses and benefits are cancelled/reduced?" Before the crisis, the range of reward system and benefits was large. Monetary rewards were given for the outstanding employees, for the successful completion of the project and benefits, such as maternity benefits, marriage day benefits.

The crisis forced most of the companies to remove their bonus systems, to cancel any kind of monetary rewards, in order to save resources. But, instead, they are

applying non-monetary benefits for the workers, such as giving 1 day-off as a reward, noticing their contribution to the project and communicating in an informal setting.

*"One of the motivating tools for our employees was a bonus system, according to which employees participating in the project, upon successful completion, received part of the money pool allocated for this project. Now we had to remove this method of remuneration, but we publish the names of the employees of this project on our portal and give 1 day off as a reward. This increases motivation and keeps the fighting spirit of the employees." [RES - 3]*

*"Due to the increase in the price of products, we had to forgo monthly and quarterly bonuses based on sales results. But instead, we arrange a small feast for all employees, and try to notice their contribution to the company." [RES - 4]*

*"You know, we calculated an interesting fact: now in two months we perform such a volume of work that we performed earlier in 4 months, and this despite the fact that we have removed all bonus systems. That is, people began to work harder and more efficiently, despite the decrease in their own income." [RES - 6]*

*"We have an excellent bonus system for our frontliners, for each successful client and the amount of the transaction. We had to significantly reduce the percentage of this program, but at the same time, noting the good work of the employee at the planning meeting, we noticed that the employee remains involved in the work, which cannot but please us as managers." [RES - 1]*

Furthermore, as a benefit for the employee, companies usually provide wide work benefit, such as fitness membership, covering communication and transportation costs. But, during the crisis environment, companies were forced to cut their costs on

employees. But, in turn, they tried to motivate workers with soft values, communication, caring, listening.

*"I love sports, and I always support when my employees play sports. We had a program where the company paid for 50% of your fitness membership, but due to cost cuts, we have suspended this program for now. However, it's summer now and we're getting tired of exercising outdoors in the morning. This not only cheers up before work but also a kind of team building, where my employees communicate in an informal setting." [RES - 6]*

*"We paid our employees from the telephone sales department for communication and transportation costs. But now we pay 40% of these items of expenses, according to the provided checks for these items." [RES - 5]*

### 4.4 Performance appraisal

According to the taken interviews, the only area that did not affected by economic crisis is the performance appraisal. Performance appraisal meetings were done on a regular basis in each of the companies assessed. Some respondents stated that objectives are made and discussed once a year, while others stated that they are set and discussed twice a year, or even regularly. According to individuals interviewed, the only impact the crisis has had on performance evaluation processes is that salary talks for this year are no longer on track. Employees previously had the ability to assess their wages during yearly talks and performance evaluations. Employers might, rather, use performance assessments to provide and receive feedback on performance, discuss future objectives and directions, and analyze potential skill improvements. Performance evaluation is also one of them.

*"Actually, we have performance appraisal meetings twice per year, and it was typically connected to wage agreements. I believe that we will not have a pay increase this year,*

*at least not in the spring, as is usual, but we will still allocate tasks to staff and monitor their performance." [RES - 1]*

*"Every year, we take last year's evaluations of performance and successes, examine at how an employee attained them, and we review and outline what we will do next based on his progress. We talk about challenges, ideas, and career path. Employers will be able to see what their employees think of them and their job, and vice versa." [RES – 4]*

## 5. CONCLUSION

The primary goal of this research is to gain an understanding of how the current economic crisis has impacted the HRM practices, such as recruitment and selection, reward systems, training and development, and performance appraisal in Kazakhstani small medium enterprises.

The practices that were used in this research are widely regarded as being part of a high-performance work system (Becker and Huselid, 1998). These HPWS are also widely functioned in many high-performing businesses and organizations, and they have received widespread acceptance in the scientific literature (Ervasti and Suutari, 2004;  et al., 1995; Pfeffer, 1994, 1998; Rosenzweig and Nohria, 1994). In this research paper the research objective is attained through the systematic literature review and semi-structured interviews with 6 Kazakhstani SMEs.

The former research and the findings of this study on the impact of the current crisis (Russian – Ukrainian conflict) on human resource management practices support the notion that economic uncertainty has a significant impact on a company's overall performance and HRM practices (Lähteenmäki et al., 1998). Most firms' actions and initiatives during a crisis have a substantial influence on HRM.

All of the interviewed organizations decreased expenditures to some extent, which had a substantial impact on HRM practice. According to the findings, the mixture of the soft and hard HRM approaches were used by the HR managers during the economic crisis. The most severe crises impacted both training and development as well as the reward system. Both practices resulted in considerable resource reductions across all of the organizations examined.  Monetary rewards, which were one of the most powerful motivators utilized to boost employee engagement prior to the crisis (Heliste et al. 2007), were drastically decreased in all of the organizations studied. As a result, during the crisis, the emphasis on motivation moved to softer values. Instead of wide monetary benefits, bonuses, and high wages, those polled were more inventive in encouraging employees with little compensations, such as food stamps, indoor activities, and co-sporting events. Furthermore, all respondents stressed the importance

of open communication, employee listening, and two-way feedback sessions in increasing employee belonging and making them feel cared for. For the training and development practices the major changes were external training programs, coaches, live trainings, abroad training switched to the internal training programs, online courses.

The table 5 below summarizes all the practices that were changed as crisis has started.

Table 5 – Summary of HRM practices before and during crises

| | **Before crisis** | **During crisis** |
|---|---|---|
| **Recruitment and selection** | Lack of labor<br>Lack of competent specialists<br>Wide usage of recruiting and headhunting companies | Wide labour pool<br>No usage of recruitment companies |
| **Training and development** | Training abroad<br>Language skill training<br>Usage of external training programs<br>Coaches | Internal training programs<br>Training in the company premises |
| **Reward system** | Emphasis on monetary reward<br>Wide work benefits<br>high bonuses, salary level increase year-on-year basis | Emphasize on non-monetary motivation<br>Soft values<br>Motivation through positive work atmosphere, communication, feedback, listening, caring |
| **Performance appraisal** | Performance appraisal as a means to commit employees | Performance appraisal as a means to commit and motivate employees<br>No salary negotiations |

*Source: created by author*

## 6. LIMITATIONS AND FURTHER RESEARCH

Current research paper has several limitations. First limitation is that the research was restricted by time constraints. The Russian – Ukrainian conflict started 24th of February 2022, and crisis still ongoing. The time when interviews were conducted was during the ongoing conflict. Even if our economy already suffered from the beginning of the conflict, Kazakhstani macro-economic indicators showed signs of the crisis, the current state of HRM practices that SMEs are implemented are concerned with maintaining business activities and avoiding financial losses, it is hard to predict what will be to Kazakhstani economy when the conflict really ends. Thus, to examine the impact of economic crisis on human resource practices after the conflict ends would be the first suggestion for further research. Next, as this research's nature is exploratory, the scope was only 6 Kazakhstani SMEs, and the industry was not sampling criteria. The data that was retrieved from the 6 SMEs would not represent the whole picture of how economic crisis is affecting human resource practices. Also, 6 SMEs were chosen by non - probability convenience sampling method. Thus, for the further research, the scope of the sampling should be larger and the criteria's such as industry should be also considered. Lastly, the literature on impact of macro-level turbulence on HRM practices is scarce.

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# APPENDICES

## Appendix I

## INTERVIEW PROTOCOL

**Aim of the Interview:** Understanding how current economic crisis (Russian-Ukrainian crises) affects HRM practices in local SMEs

**General Research Question of the Interview:** how current economic crisis affect HRM practices in SME?

**Section A: Interview Background**

For the semi-structured interview, interview questions were introduced from the literature review, in order to raise interviewees' understanding of the present crisis situation in terms of HR difficulties an concerns. Furthermore, respondents were able to provide their own perspective and viewpoint on how the crisis has influenced their own HR practices through carefully crafted topics and questions.

**Section B Interview Questions**

Set 1: The Interviewees' Job and Experience

1. What is your position in the company and main responsibilities?

2. What is your work background: have you worked mainly in Kazakhstani companies or also in foreign companies?

Set 2: The interviewee's opinion on how the current economic crisis has impacted on HRM practices

HR practices in detail:

*Recruiting and Selection:*

3. Has recruiting and selection been impacted by the crisis?

4. If it has, in what ways compared to prior to the crisis?

5. Have your recruiting and selection requirements changed during the current crisis?

6. Do you use outside recruiting agencies, or headhunters? Prior to and after the current crisis.

*Reward Systems and Motivation:*

7. Has reward systems and motivation been impacted by the crisis?

8. If it has, in what ways compared to prior to the crisis?

9. What are the main elements of compensation (bonuses, training, social benefits, et cetera) prior and after the crisis

10. How do you motivate your staff during the current crisis?

*Training and Development*

11. Has training and development been impacted by the crisis?

12. If it has, in what ways compared to prior to the crisis?

13. What kind of training and developing programs do you use?

14. For what purpose do you use training and development practice?

*Performance Appraisal:*

15. Has performance appraisal been impacted by the crisis?

16. If it has, in what ways compared to prior to the crisis?

17. For what purpose do you use performance appraisal?

18. How regularly this practice takes place?

19. What is discussed during the performance appraisal?

# Appendix II

## Transcribed Interview Conversations

**Respondent - 1 [Manufacturing company]**

1. What is your position in the company and main responsibilities?

I am a talent specialist in a company. The main goal of my position is to raise the level of the employer brand in the market, as well as to communicate with partners represented by universities, students and potential employees of the company.

2. What is your work background: have you worked mainly in Kazakhstani companies or also in foreign companies?

I worked both in a domestic company and in an international company. The main difference in corporate culture, business method, as well as communication and training

3. Has recruiting and selection been impacted by the crisis?

The crisis unequivocally affected recruiting and selection, as specialists who previously worked for the Russian or Ukrainian market appeared on the HR market, thereby increasing the level of competitiveness among applicants. The crisis also made it possible to adapt to situations quickly, thereby speeding up the recruiting process.

4. If it has, in what ways compared to prior to the crisis?

Not significantly.

5. Have your recruiting and selection requirements changed during the current crisis

Requirements have not changed.

6. Do you use outside recruiting agencies, or headhunters? Prior to and after the current crisis.

Yes, our company cooperates with another company that provides employees for outsourcing. This was the case before the crisis. The reason for this is the budget allocated by the company for certain positions

7. Has reward systems and motivation been impacted by the crisis?

Reward system impacted by the crisis, by the means of monetary motivation; however, the motivation did not change. Employees are a valuable company resource. Motivation comes in the form of training, holding events outside the formal environment, psychologist services, high-quality feedback

8. If it has, in what ways compared to prior to the crisis?

We have an excellent bonus system for our frontliners, for each successful client and the amount of the transaction. We had to significantly reduce the percentage of this program, but at the same time, noting the good work of the employee at the planning meeting, we noticed that the employee remains involved in the work, which cannot but please us as managers.

9. What are the main elements of compensation (bonuses, training, social benefits, et cetera) prior and after the crisis

Transportation, car to certain positions, meals , training (advanced training courses, soft skills training courses), travel insurance, company products, psychologist services – these compensations left.

10. How do you motivate your staff during the current crisis?

The motivation system has not changed

11. Has training and development been impacted by the crisis?

The crisis has affected education.

12. If it has, in what ways compared to prior to the crisis?

Additional topics were included in the training program, such as: how to cope in certain crisis situations

13. What kind of training and developing programs do you use?

The company has a lot of training programs both for specialists and for manual positions. Mainly aimed at developing competencies and skills

14. For what purpose do you use training and development practice?

The purpose of the training is to develop employees, nurture internal talents, develop future hands in case of dismissal, for business development

15. Has performance appraisal been impacted by the crisis?

No, did not impacted at all. Only salary negotiation cancelled.

16. If it has, in what ways compared to prior to the crisis?

Salary negotiation only

17. For what purpose do you use performance appraisal?

18. How regularly this practice takes place?

19. What is discussed during the performance appraisal?

Actually, we have performance appraisal meetings twice per year, and it was typically connected to wage agreements. I believe that we will not have a pay increase this year, at least not in the spring, as is usual, but we will still allocate tasks to staff and monitor their performance.